



# Financial Services and Markets Act 2000

## 2000 CHAPTER 8

### PART XV

#### THE FINANCIAL SERVICES COMPENSATION SCHEME

##### *The scheme*

#### **213 The compensation scheme.**

- (1) The [<sup>F1</sup>regulators] must by rules [<sup>F2</sup>made in accordance with an order under subsection (1A)] establish a scheme for compensating persons in [<sup>F3</sup>cases where—
  - (a) relevant persons are unable, or likely to be unable, to satisfy claims against them, <sup>F4</sup>...
  - [<sup>F5</sup>(aa) relevant exchanges are unable, or likely to be unable, to satisfy claims made against them in connection with a regulated activity relating to a trading facility carried on by the exchange, or]
  - (b) persons who have assumed responsibility for liabilities arising from acts or omissions of relevant persons [<sup>F6</sup>or relevant exchanges] (“successors”) are unable, or likely to be unable, to satisfy claims against the successors that are based on those acts or omissions.]
- [<sup>F7</sup>(1A) The Treasury must by order specify—
  - (a) the cases in which the FCA may, or may not, make rules under subsection (1), and
  - (b) the cases in which the PRA may, or may not, make rules under that subsection.]
- (2) The rules [<sup>F8</sup>(taken together)] are to be known as the Financial Services Compensation Scheme (but are referred to in this Act as “the compensation scheme”).
- (3) The compensation scheme must, in particular, provide for the scheme manager—
  - [<sup>F9</sup>(a) to assess and pay compensation, in accordance with the scheme, to claimants in respect of claims made in connection with—

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- (i) a regulated activity carried on (whether or not with permission) by relevant persons; and
  - (ii) a regulated activity relating to a trading facility carried on (whether or not in accordance with any requirements relating to that activity resulting from section 286) by relevant exchanges; and
  - (b) to have power to impose levies for the purpose of meeting its expenses (including in particular expenses incurred, or expected to be incurred, in paying compensation, borrowing or insuring risks)—
    - (i) on authorised persons, or any class of authorised person;
    - (ii) on recognised investment exchanges carrying on a regulated activity relating to a trading facility, or any class of such exchanges; or
    - (iii) on authorised persons and on recognised investment exchanges carrying on a regulated activity relating to a trading facility, or on any class of such persons and exchanges.]
- [<sup>F10</sup>(4) The compensation scheme may provide for the scheme manager to have power to impose levies—
- (a) on authorised persons, or any class of authorised person;
  - (b) on recognised investment exchanges carrying on a regulated activity relating to a trading facility, or any class of such exchanges; or
  - (c) on authorised persons and on recognised investment exchanges carrying on a regulated activity relating to a trading facility, or on any class of such persons and exchanges,
- for the purpose of recovering the cost (whenever incurred) of establishing the scheme.]
- [<sup>F11</sup>(5) In making any provision of the scheme by virtue of subsection (3)(b), the regulators must take account of the desirability of ensuring that the amount of the levies imposed on a particular —
- (a) class of authorised person;
  - (b) class of recognised investment exchange carrying on a regulated activity relating to a trading facility; or
  - (c) class of authorised person and of recognised investment exchanges carrying on a regulated activity relating to a trading facility;
- reflects, so far as is practicable, the amount of claims made, or likely to be made in respect of that class of person, exchange, or persons and exchanges.]
- (6) An amount payable to the scheme manager as a result of any provision of the scheme made by virtue of subsection (3)(b) or (4) may be recovered as a debt due to the scheme manager.
  - (7) Sections 214 to 217 make further provision about the scheme but are not to be taken as limiting the power conferred on the [<sup>F1</sup>regulators] by subsection (1).
  - (8) In those sections “specified” means specified in the scheme.
  - (9) In this Part (except in sections 219, 220 or 224) “relevant person” means a person who was—
    - (a) an authorised person at the time the act or omission giving rise to the claim against him [<sup>F12</sup>, or against a successor falling within subsection (1)(b),] took place; or
    - (b) an appointed representative at that time.

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[<sup>F13</sup>(10A) But a person is not to be regarded as a relevant person in relation to a regulated activity if, at that time, the person—

- (a) was a Gibraltar-based person with a Schedule 2A permission to carry on the activity, and
- (b) fell within a prescribed category, either generally or in relation to the activity.

(10B) Regulations prescribing a category of person for the purposes of subsection (10A) may, among other things, make provision by reference to—

- (a) whether the activity is carried on through a branch in the United Kingdom;
- (b) the level of protection provided by the compensation scheme and by any comparable scheme operating in Gibraltar.]

<sup>F14</sup>(10) . . . . .

<sup>F14</sup>(11) . . . . .

[<sup>F15</sup>(12) In this Part (except in sections 220 and 224) “relevant exchange” means a body corporate or unincorporated association which was a recognised investment exchange carrying on a regulated activity relating to a trading facility at the time the act or omission giving rise to the claim against it, or against a successor falling within subsection (1)(b), took place.

(13) In this Part “regulated activity relating to a trading facility” means—

- (a) the regulated activity of operating a multilateral trading facility; or
- (b) the regulated activity of operating an organised trading facility.]

[<sup>F16</sup>(14) In this Part, “funeral plan contract” has the same meaning as in article 59(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.]

#### Textual Amendments

- F1** Word in s. 213 substituted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 10 para. 3\(2\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F2** Words in s. 213(1) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 10 para. 3\(3\)\(a\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F3** Words in s. 213(1) substituted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 10 para. 3\(3\)\(b\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F4** Word in s. 213(1)(a) omitted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by virtue of [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), [reg. 1\(2\)\(3\)\(4\)\(6\)](#), [Sch. 2 para. 23\(2\)\(a\)](#) (with [reg. 7](#))
- F5** S. 213(1)(aa) inserted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), [reg. 1\(2\)\(3\)\(4\)\(6\)](#), [Sch. 2 para. 23\(2\)\(b\)](#) (with [reg. 7](#))
- F6** Words in s. 213(1)(b) inserted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), [reg. 1\(2\)\(3\)\(4\)\(6\)](#), [Sch. 2 para. 23\(2\)\(c\)](#) (with [reg. 7](#))

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- F7** S. 213(1A) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by Financial Services Act 2012 (c. 21), s. 122(3), **Sch. 10 para. 3(4)** (with Sch. 20); S.I. 2013/113, art. 2(1)(b)(c), Sch. Pts. 2, 3; S.I. 2013/423, art. 3, Sch.
- F8** Words in s. 213(2) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by Financial Services Act 2012 (c. 21), s. 122(3), **Sch. 10 para. 3(5)** (with Sch. 20); S.I. 2013/113, art. 2(1)(b)(c), Sch. Pts. 2, 3; S.I. 2013/423, art. 3, Sch.
- F9** S. 213(3)(a)(b) substituted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (S.I. 2017/701), reg. 1(2)(3)(4)(6), **Sch. 2 para. 23(3)(a)** (with reg. 7)
- F10** S. 213(4) substituted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (S.I. 2017/701), reg. 1(2)(3)(4)(6), **Sch. 2 para. 23(4)** (with reg. 7)
- F11** S. 213(5) substituted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (S.I. 2017/701), reg. 1(2)(3)(4)(6), **Sch. 2 para. 23(5)** (with reg. 7)
- F12** Words in s. 213(9)(a) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by Financial Services Act 2012 (c. 21), s. 122(3), **Sch. 10 para. 3(6)** (with Sch. 20); S.I. 2013/113, art. 2(1)(b)(c), Sch. Pts. 2, 3; S.I. 2013/423, art. 3, Sch.
- F13** S. 213(10A)(10B) inserted (1.9.2023) by Financial Services Act 2021 (c. 22), s. 49(5), **Sch. 8 para. 7**; S.I. 2023/934, reg. 2(b)(iii)
- F14** S. 213(10)(11) omitted (31.12.2020) by virtue of The EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 (S.I. 2018/1149), reg. 1(3), **Sch. para. 14** (with savings in reg. 4 and S.I. 2019/680, regs. 1(2), **11** (with reg. 11(8)-(10) (as amended by S.I. 2020/1301, regs. 1, 3, Sch. para. 40(f))); 2020 c. 1, Sch. 5 para. 1(1)
- F15** S. 213(12)(13) inserted (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (S.I. 2017/701), reg. 1(2)(3)(4)(6), **Sch. 2 para. 23(6)** (with reg. 7)
- F16** S. 213(14) inserted (16.5.2022 for specified purposes, 29.7.2022 in so far as not already in force) by The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2022 (S.I. 2022/466), arts. 1(3), **6(4)**

#### Modifications etc. (not altering text)

- C1** S. 213 modified (31.12.2020) by The EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 (S.I. 2018/1149), regs. 1(3), **24(2)** (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 2(a)**) and (1.1.2024) by S.I. 2023/1410, regs. 1(2), **14**)
- C2** S. 213 modified (31.12.2020) by The EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 (S.I. 2018/1149), regs. 1(3), **70(2)** (as inserted by S.I. 2019/105, regs. 1(2), **5(1)**) and as amended by S.I. 2019/1010, regs. 1(3), **5** and S.I. 2020/1301, regs. 1, 3, **Sch. para. 2(b)**)
- C3** S. 213(3)(a) excluded (31.10.2004) by The Financial Services and Markets Act 2000 (Transitional Provisions) (Mortgages) Order 2004 (S.I. 2004/2615), arts. 1(2), 5, **Sch. para. 8**
- C4** S. 213(3)(a) excluded (14.1.2005) by The Financial Services and Markets Act 2000 (Transitional Provisions) (General Insurance Intermediaries) Order 2004 (S.I. 2004/3351), arts. 1(2), **6**
- C5** S. 213(3)(a) excluded (26.7.2013 for specified purposes, 2.9.2013 in so far as not already in force) by The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 (S.I. 2013/1881), arts. 1(2)(5), **59(8)**
- C6** S. 213(9) excluded (2.7.2002) by The Financial Services and Markets Act 2000 (Consequential Amendments and Transitional Provisions) (Credit Unions) Order 2002 (S.I. 2002/1501), **art. 5(1)**

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#### **Commencement Information**

- II** S. 213 wholly in force at 18.6.2001; s. 213 not in force at Royal Assent see s. 431(2); s. 213(10) in force for certain purposes at 25.2.2001 by S.I. 2001/516, art. 2(b), **Sch. Pt. 2**; s. 213 in force in so far as not already in force at 18.6.2001 by S.I. 2001/1820, art. 2, **Sch.**

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**Changes and effects yet to be applied to :**

- s. 213(7) words added by [2009 c. 1 s. 170\(2\)](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act applied (with modifications) by [S.I. 2023/1347 reg. 8](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 79\(4\)](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 81\(10\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Pt. 17 Ch. 3B inserted by [2023 c. 29 s. 64\(3\)](#)
- Pt. 20C inserted by [2016 c. 14 s. 30\(3\)](#)
- s. 31(1)(aa) inserted by [2021 c. 22 s. 22\(2\)](#)
- s. 32A inserted by [2021 c. 22 s. 22\(3\)](#)
- s. 32A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- s. 36A and cross-heading inserted by [2021 c. 22 s. 22\(4\)](#)
- s. 71J and cross-heading inserted by [2021 c. 22 Sch. 8 para. 4](#)
- s. 86(9A) inserted by [S.I. 2019/707 reg. 8\(9\)](#) (This amendment not applied to legislation.gov.uk. Reg. 8(6)-(10) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 13(c))
- s. 87A(11) inserted by [S.I. 2019/707 reg. 10\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 10(4)(5) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 15(b))
- s. 124(10)(c)(i) word omitted by [S.I. 2019/310 reg. 5\(11\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(11)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(e))
- s. 129(7)(a) word inserted by [S.I. 2019/310 reg. 5\(12\)\(a\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 129(7)(c) omitted and word by [S.I. 2019/310 reg. 5\(12\)\(a\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 204A(3)(fa) inserted by [S.I. 2024/705 Sch. 2 para. 1](#)
- s. 214(5A) inserted by [2021 c. 22 Sch. 8 para. 8](#)
- s. 261E(A1) inserted by [2023 c. 29 s. 64\(2\)\(a\)](#)
- s. 367A inserted by [2021 c. 22 Sch. 8 para. 10](#)
- s. 395(13)(h)(i) inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(c\)](#)
- s. 395(13)(bc)-(be) word inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(b\)](#)
- s. 395(14) inserted by [2021 c. 22 Sch. 8 para. 12\(3\)](#)
- s. 427A(3) words substituted by [2002 c. 40 Sch. 17 para. 59](#) (This amendment not applied to legislation.gov.uk. The Financial Services and Markets Act 2000 does not contain a section 427A.)
- Sch. 1ZA para. 32(c) and word inserted by [2021 c. 22 Sch. 8 para. 18](#)
- Sch. 2A para. 19(2)(b)(iia) inserted by [2023 c. 29 Sch. 10 para. 19\(a\)](#)
- Sch. 2A2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2B inserted by [2021 c. 22 Sch. 7](#)
- Sch. 2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)

- Sch. 11A para. 5(3) inserted by [S.I. 2019/707 reg. 38\(5\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 38(2)-(5)(7)(8) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 20)
- Sch. 17A para. 12 words substituted by [S.I. 2019/662 reg. 13\(1\)](#) (This amendment not applied to legislation.gov.uk. Reg. 13(1) substituted (25.6.2020) by S.I. 2020/646, regs. 1(2)(c), 11(3))